

**Michigan Department of Natural Resources  
and Environment (DNRE)**

**Transition Report:  
Setting the Stage for Sustainability**

Presented to  
Governor Jennifer M. Granholm

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January 8, 2010

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The Honorable Jennifer M. Granholm  
Governor  
P.O. Box 30013  
Lansing, Michigan 48909

Dear Governor Granholm,

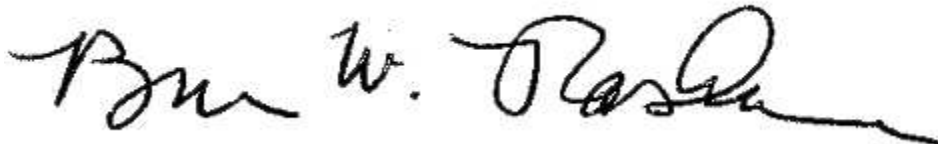
A few short months ago, you entrusted me with the responsibility of managing the transition of the Department of Natural Resources and the Department of Environmental Quality into the new Department of Natural Resources and Environment. I am excited about this awesome opportunity and am honored to have been asked.

Having had the opportunity to work closely with DNR Director Rebecca Humphries, DEQ Director Steve Chester and many knowledgeable, committed employees from both departments, I can say without hesitation the people of Michigan should count themselves fortunate that our state's natural resources and environmental health have been in very sound hands.

I know how seriously you take your oath to do right by the people of Michigan. By creating the Department of Natural Resources and Environment (DNRE), you have given a stronger, more unified voice to the wind and water, lands and forests, and flora and fauna that give Michigan its inimitable majesty and magic.

I thank you for requesting my assistance in establishing a sound resource management and environmental protection agency that will last well into the future, an agency that will generate conversations and partnerships with the Michigan business community to create an atmosphere of economic growth and sustainability, and an agency that will aid coordination, collaboration and communication among its many customers and stakeholders. I submit this transition report as my best recommendations to position the DNRE as the unwavering steward, protector and promoter of Michigan's natural and environmental resources.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce W. Rasher". The signature is fluid and cursive, with a long horizontal stroke at the end.

Bruce Rasher  
DNRE Transition Manager

## Acknowledgements

The challenge of deciding how best to transition staff and programs into the new Department of Natural Resources and Environment (DNRE) is one that could not have been undertaken without the leadership, support and knowledge of many people with a vested interest in the success of this department. The following individuals and organizations must be recognized for their commitment to the task at hand:

- Governor Granholm and her staff
- Lieutenant Governor John Cherry
- DNR Director Rebecca A. Humphries
- DEQ Director Steven E. Chester
- Core DNRE Transition Team
- DNRE Expanded Teams
- DNR and DEQ employees who provided valuable input
- Key stakeholder groups

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## **Executive Summary**

The creation of the Michigan Department of Natural Resources and Environment (DNRE) represents a bold departure from the status quo, building upon existing program strengths while creating a more effective, responsive and transparent organization. When implemented, this will result in an organization considered the best state natural resource and environmental protection organization in the country.

The proposed structure for the new department moves away from the traditional linear organizational model found in most governmental agencies. The new department will be built using a matrix model, retaining the traditional divisions of scientific specialization while also recognizing and promoting an ecosystem approach with real authority and responsibility at the regional level. This matrix organization will make the DNRE more responsive to the residents and employers of Michigan and better able to operate in a transparent manner.

The existing resource and environmental divisions and program offices will be consolidated from 22 into 14, and then formed into three administrations or units – Resource Management, Stewardship and Environmental Protection. Administrative functions will be reconfigured under the responsibility of the chief administrative officer, the chief of media and communications, the chief of marketing, education and technology, and the chief of the science, policy, legislative and regulatory office. Equally as important, four regional directors – each reporting directly to the DNRE director – will be responsible for department planning, coordination and communications across each region. They will ensure a focus on ecosystem health, as well as providing a quick response to new opportunities and challenges. These regions will roughly correspond to the four major water basins represented in Michigan – Lakes Michigan, Huron, Superior and Erie – as well as the Upper Peninsula. Each region will also benefit from having one or more citizens' advisory council.

Technology, strong financial management and the marketing of Michigan's natural resources and environment will be key strengths of the DNRE. Technology provides strong tools for greater public transparency, a more efficient organization of departmental processes and data, and better use of information technology resources. The department's centralized financial and facility management will ensure that constitutional and statutory restrictions on funding source activities are complied with, while creating a more efficient management of procurement, granting, budget development, facility and internal control processes. The marketing of Michigan's rich resources will be a priority for the new department, supporting the activities of the resource programs while also aiding in Michigan's economic development.

This report does not present the final form of the DNRE, but rather the path to be followed in combining and improving the existing programs and responsibilities found within the current departments of Natural Resources and Environmental Quality. The departmental leadership will be selected and announced early in the transition, and then a comprehensive process re-engineering approach will be utilized to determine the organizational structure for the balance of the department. The same re-engineering process will also include a complete review of all functions and public services in order to identify the most effective and efficient manner in which to meet the department's mission.

## Introduction

Ask any Michiganiaan where he or she is from, and chances are good the answer will involve a reference to the ready-made map we all carry with us – hands positioned just so, a loose interpretation of the Upper and Lower peninsulas. Perhaps because there isn't any other state in the union that is so readily identifiable from its geographic shape and natural boundaries, residents of the Great Lakes State have long held a deep-rooted pride in the abundant natural resources and the many recreational opportunities to be found here. By moving toward a different organizational model that provides a seat at the table for stakeholders, program managers and interested citizens, the DNRE will be better positioned to protect the state's treasured natural resources and environment.

Effective January 17, 2010, the DNRE is open for business. As transition manager, I worked with a core team of resource experts and managers from the Department of Natural Resources (DNR) and the Department of Environmental Quality (DEQ) to design a transition plan (see Appendix A) and sought input from a variety of stakeholder groups and from employees (see Appendix B). Together, we have identified what I believe are better ways of doing business, carrying out each agency's most vital responsibilities and reaching consumers and customers where they live and work. This report recognizes that:

- The state of Michigan has a responsibility to conserve and develop its natural and environmental resources and can best do so through efficient, coordinated management of policies and programs;
- Traditional operational funding sources are shrinking;
- With a \$20 billion outdoor-recreation industry in Michigan, there is a huge cross-over potential to attract customers of certain pursuits to ones they've yet to try (for example, motivating hikers to try cross-country skiing);
- By developing a management strategy that puts the health of the ecosystem first, it will naturally follow that decisions will be made to protect and enhance the sustainability and diversity of Michigan's natural resources;
- The thoughtful consolidation of state government functions related to Michigan's natural resources will result in more opportunity for sustainable development, preservation of the state's outdoor heritage, greater access to public outdoor recreation choices, and a healthier, safer environment for residents;
- If the state is to build future generations of informed, engaged citizens who understand how local action has statewide and regional implications, the DNRE must do a better job of educating them and delivering information in more user-friendly ways; and
- The DNRE must be an active participant, working closely with Michigan's business and manufacturing communities, in strengthening and sustaining the state's economic growth.

On October 8, 2009, Governor Jennifer M. Granholm signed Executive Order 2009-45, transferring the authority, duties and functions of the departments of Natural Resources and Environmental Quality into the newly created DNRE effective January 17, 2010.

Those familiar with Michigan's recent history know that the functions of both departments were housed in the DNR until 1995 when Executive Order 1995-18 split the agency into two departments. Environmental protection and regulatory functions were placed in the new DEQ and traditional conservation management was kept as part of the DNR. Executive Order 2009-45 does much more than reunite the DNR and DEQ; it creates an environmental protection and conservation agency for the 21<sup>st</sup> century.

It's a different world than it was 15 years ago, so this has to be a different and innovative DNRE. Resources are stretched thin, competition for funding is fierce, and threats crop up quickly. By pooling the expertise, passion and resources of both agencies, the DNRE will be better equipped to excel at managing and protecting the state's natural resources and environment, while more broadly promoting hunting, fishing, trapping, and the many quality, accessible outdoor-recreation and heritage-tourism opportunities available, and the resource-based industries fostered by the department.

This report represents my recommendations for how to best streamline and integrate the programs of these two departments into the new DNRE. The focus of this report is on new processes and organization, especially of the administrative functions. It is not intended to explain or address all the individual programs, but rather how they can best be organized for maximum effectiveness, efficiency and transparency.

Looking at both the DNR and DEQ, there is no shortage of examples to illustrate how each agency has, despite dwindling resources, made good on its promise to the people of Michigan to manage the public trust. The DNRE will build on those successes and continue to implement best practices and solutions that bring residents more in tune with the state's natural landscape. Under DNR and DEQ leadership, Michigan residents, businesses and tourists have enjoyed:

- **Greater Access to Public Land and Recreation Options.** Late last year, the William G. Milliken State Park and Harbor (formerly Tri-Centennial State Park and Harbor) opened in downtown Detroit. Thirty-one acres in size and set on a reclaimed brownfield, the park brings nature to the city – offering a wetland environment for migratory birds, plants native to southeastern Michigan, and many opportunities for fishing, walking, boating and exploring. Additionally, in the last five years the DNR has acquired more than 435,000 acres of land and access rights, creating an even larger public playground for residents and tourists.
- **An Environment That Strengthens Fish and Wildlife Health.** Bovine tuberculosis, chronic wasting disease and viral hemorrhagic septicemia are real threats to the state's wildlife and fishery populations – threats that Michigan has faced head-on and continues to battle. The state has provided leadership and insight in tackling these challenges, working closely with stakeholders to ensure positive outcomes.

- **More Efficient Permitting Transactions.** In 2003, auto manufacturers in the state were unhappy with the length of time it took to obtain an air permit to construct their facilities. As a result, DEQ and Air Quality Division management worked with the automotive and manufacturing sectors in a value stream mapping process – identifying where nonproductive steps within the permitting process could be removed and where certain evaluative process steps could be streamlined. The final outcome was impressive: Initially, management sought to reduce the permitting process time to 180 days or less; however, as a result of the value stream mapping effort, the average time to process a permit request was dramatically shortened to about 62 days.
- **Cleaner Water.** Clean drinking water is something most people take for granted, but when the U.S. Environmental Protection Agency in 2001 lowered the national drinking-water standard for arsenic to 10 micrograms per liter, roughly 450 of Michigan’s public water systems (due to naturally occurring arsenic in state aquifers) didn’t make the cut. Since then, the DEQ has worked to help 97 percent of Michigan’s public water systems reduce their arsenic levels to EPA-approved levels.
- **Real-Time Access to Consumer Information.** Since 2003, the DEQ has added a variety of online resources to help residents and businesses keep tabs on issues important to them: MISWIMS (a map-based system providing details about Michigan’s surface water); MIAIR (providing current air-monitoring data, next-day forecasts and air-quality index); BeachGuard (news about public beach monitoring and closings); and Michigan Environmental Mapper (a searchable system of contaminated sites and regulated underground storage-tank facilities).
- **Broader Educational Opportunities.** The DNR’s Archery in the Schools program is a sterling example of how to connect children with outdoor sports and inspire new generations of natural resources champions. Started in Michigan in 2004, the state now ranks second nationally with more than 300 participating schools in 56 of Michigan’s 83 counties and more than 100,000 students having safely and successfully completed the program.

### **Economic Benefits and Opportunities**

What might not be apparent at first blush is that the above-mentioned “deliverables” are united by a powerful outcome: each is directly tied to boosting Michigan’s economy. Public access to land and recreation options and healthier fish and wildlife encourage more people to purchase hunting and fishing licenses – in Michigan. Cleaner air and water (and credible, available information about each) are critical traits of communities where people choose to live and do business – in Michigan. Continuous improvement of the state’s regulatory transactions will yield a more business-friendly environment. And more chances for outdoor enthusiasts of all ages to take part in instructional workshops on everything from snowshoe-making, mountain biking or understanding watersheds provide the DNRE with additional opportunities to recruit more lifelong fans of the state’s natural arena – all of it happening here in Michigan.

In addition, natural resource-based industries (many fostered by the program responsibilities of DNRE) are critical to Michigan's economy. In fact, these resource-based industries generate almost half as much economic activity as manufacturing. If coupled with Michigan's agriculture sector, natural resource-based industries generate one and one-half times more economic value than our valued manufacturing industry.

- State forest products industry .....\$12 billion
- Hunting and fishing .....\$3.5 billion
- Wildlife watching .....\$1.6 billion
- Recreational boating .....\$2 billion
- Snowmobiling .....\$1 billion
- 22 million visitors to state parks and recreation areas .....\$580 million
- Michigan oil and gas production .....\$17.7 billion
- Michigan agribusiness .....\$71.3 billion
- Michigan manufacturing .....\$76.3 billion

Going forward, these natural resource-based industries will be more important than ever in shaping Michigan's economy. This is no longer a state dominated by a single industry and it's vital that, as a state, Michigan not only appreciates and protects the intrinsic value of natural resources and the environment but also recognizes and leverages their economic value.

By bringing together the sound science and passion for natural resources that have long defined both departments, the DNRE will be positioned to better anticipate future challenges and more fully capitalize on opportunities presented. This transition report helps lay the foundation for doing exactly that.

## **Goals and Outcomes**

The DNR and DEQ – home to hard-working and dedicated employees at all levels and across all programs – already do a great many things very well. By uniting the departments' common interests and strengthening administrative functions, the DNRE will be poised for maximum operational and programmatic success as a national leader. This transition report maps a strategy for re-engineering and continuous improvement, a strategy that will define the DNRE as a visionary agency that will:

- Adopt an integrated, human health and ecosystem approach to environmental and resource management;
- Preserve Michigan's outdoor heritage;
- Provide quality, accessible outdoor recreation;
- As a single department, become more effective and efficient;
- Promote a culture of transparency and problem-solving; and
- Facilitate and encourage economic growth in a sustainable manner.



# **Transition Plan**

## **Operations Management**

As a new department, the DNRE will face many challenges that will not only help define it but will also shape its organizational philosophy. Initially, the DNRE will take on the tasks of:

- Effecting a smooth transition for both the DNR and the DEQ into the new DNRE;
- Undertaking the hard, detailed work of re-engineering key processes while focusing on the departmental mission;
- Meeting mandated operational needs in the face of limited funding sources;
- Elevating Michigan's ranking (currently 47th nationally) in terms of annual per capita government spending on natural resources and environmental protection;
- Working with stakeholders, including legislators, to identify a sustainable funding model that allows the department to protect and manage Michigan's natural and environmental resources;
- Successfully addressing the many program-specific issues that both the DNR and the DEQ have been handling as individual departments; and
- Identifying and planning appropriate responses and strategies for the many emerging issues in the natural resources and environmental arena.

The DNRE will map a bold, new direction in how it interacts with the public and will implement an operational model that ensures its success. In particular, the DNRE will be a national leader in including residents, resource users and the business community earlier in the planning process. To drive that planning closer to the local level, I propose a matrix organization based on natural systems rather than on geopolitical boundaries. This move from a complete linear to matrix structure turns traditional organizational models upside down.

Matrix management is an approach to managing organizations by using a dual authority system (functional and operational, and vertical and horizontal) instead of a traditional linear management system. Line management structures tend to be bureaucratic, hierarchical, slow-moving and inflexible. Matrix management was pioneered by NASA in the 1970s to overcome departmentalization, create a highly collaborative team, and take advantage of the far-reaching expertise within the agency for its complex projects. In this successful example, NASA's commitment of managerial leadership and employee buy-in minimized confusion and conflicting loyalties to capture the advantages of this type of system.

The proposed DNRE organizational structure is a functional-type matrix. The administration/bureau/division functional structure vertically concentrates the core competencies and subject matter expertise needed for each program area. It allows for consistency in program management and accountability in decision-making. This also will allow for a clearer career progression for employees. What makes this structure a matrix organization is the new, horizontal role of the regional directors. The regional directors will be closer to citizens, users of resources, and the resources managed by the DNRE.

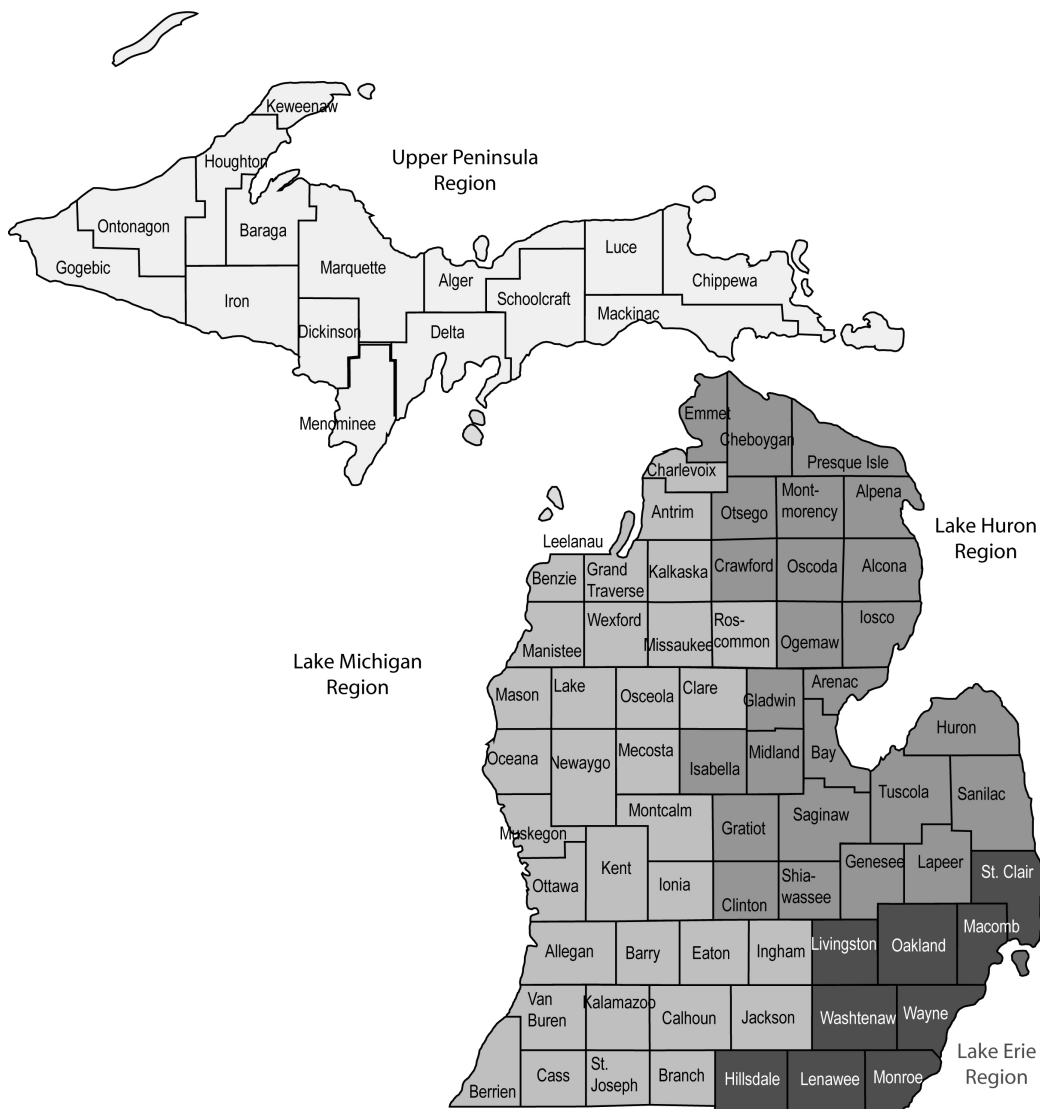
By participating in the setting of department policies and budget priorities with administrations or units at the director's staff level, the needs of stakeholders and citizens will be better represented. By driving integrated, regional planning and participating in decision-making horizontally within their regions, the regional directors will facilitate more information sharing across disciplines and broaden the perspective on permits within specific programs to a higher, ecosystem level. The administration/bureau/division line reporting relationships will ensure consistent decision-making throughout the state.

### **Ecosystem Health Focus**

The first step is for the DNRE to organize its field structure by four ecosystem regions defined by the Great Lakes watershed:

- Lake Erie region (southeast Michigan)
- Lake Huron region (northeast Michigan)
- Lake Michigan region (west Michigan)
- Upper Peninsula region

## **DNRE Management Regions**



An ecosystem region is a geographic area in the state of Michigan that will operate as a regional-level organization for DNRE employees and for regional-level decision-making and planning between district employees. One region differs from another region based upon ecosystem features – biological, social or economic – for that region. Not all features are different among regions, but the features compiled as a whole for each region clearly distinguish one region from another. Several key factors (including land ownership patterns, mobility of the public, number of environmental regulated entities, potential for human health risk, and availability of natural resource-based recreation) went into the decision-making that ultimately formed the boundaries for each region. By distilling down to the ecosystem region level, the DNRE will be better able to make policy and regulatory decisions that are in the best interest of residents, stakeholders and the resources managed by the department.

The regional director for each region will report directly to the DNRE director and will be responsible for planning, coordination and communication across all units and divisions – cutting through red tape and bottlenecks. Keeping a finger on the pulse of the region’s overall ecosystem status, emerging threats, successes and opportunities will enable regional directors to think broadly, move nimbly and make decisions that support the region. By planning and managing at the watershed level, the focus moves from individual species or resource to ecological integrity and the role of human choice in selecting appropriate management outcomes. This will provide a total ecosystem view for each region – a view that will position the DNRE as the national leader in conservation.

### **Citizens’ Advisory Councils**

The DNRE will further shatter the traditional model by empowering regional directors to play a key role in policy-making and interaction with citizens. I propose that each region create at least one citizens’ advisory council modeled on the current advisory councils used by the DNR in the Upper Peninsula. Such councils will expand the effectiveness of traditional public involvement by crystallizing the perspectives of citizens and organizations within the region. Regional directors will serve as point of contact for the councils.

### **Boards and Commissions**

The following boards and commissions will meet in accordance with the requirements of the Open Meetings Act. The DNRE will use these meetings to gather input from the respective commissions in their areas of responsibility and as an opportunity to gather input from stakeholders. Communication between the boards and commissions will be encouraged.

#### **Natural Resources Commission**

The Natural Resources Commission will be used to set overall policy for fish and wildlife management programs in the state and shall provide advice to the director of the DNRE on matters related to natural resources and conservation. The commission will be the decision-making body for method and manner of take of fish and wildlife. In addition, it will fulfill an additional oversight role on all funds collected through hunting and fishing license fees and federal excise taxes, including assets acquired with those funds. The Natural Resources Commission will have oversight of hunting and fishing recruitment efforts in the department, and will also coordinate with the Michigan Agricultural Commission through a dual-appointment process as established by the Governor.

### Mackinac Island State Park Commission

The Mackinac Island State Park Commission is an autonomous entity with authority to acquire, construct, maintain and improve property related to the historic Straits of Mackinac. It will continue with all previous authorities including establishing fees for admission to facilities. The Mackinac Island State Park Commission will enlist the assistance of the Michigan Historical Commission as appropriate.

### Michigan Historical Commission

The Michigan Historical Commission shall advise the DNRE and other boards and commissions on historical issues and shall be the decision-making body for the Michigan Historical Marker Program.

### Waterways Commission

The Michigan State Waterways Commission shall advise the DNRE on the use of the waterways account and on recreational boating issues.

### Natural Resources Trust Fund Board

The Natural Resources Trust Fund Board, a constitutionally mandated body, annually submits recommendations on the use of the Natural Resources Trust Fund for land acquisition and recreational development to the governor and the legislature for approval.

### Michigan Environmental Science Boards

The director of the DNRE may appoint one or more Michigan Environmental Science Boards to make inquiries, study, investigate, hold hearings and receive comments from the public as requested by the director. The boards may consult with outside experts and they may hire or enter into contracts in order to carry out their work.

### **Natural Resources and Environmental Management Model**

The creation of the DNRE evidences the need to adopt an integrated human health and ecosystem approach to environmental and resource management. To be most successful in that regard, the DNRE should follow the recommendations recently issued by the DEQ Environmental Advisory Council (EAC) in its report, "A Roadmap to a New Environmental Management Model for Michigan." Comprised of representatives of key environmental, natural resource, business, local government, academic and other interests, the EAC is in a unique position to evaluate the need for, and direction of, a change in how Michigan should approach natural resources and environmental management. The EAC's unanimous recommendations call for focusing efforts on desired outcomes agreed upon with affected interests, devoting government and private resources to clear priorities, increasing collaboration and partnerships, encouraging innovation and voluntary stewardship, and developing a broad-based legal and funding structure for environmental and natural resources management. The administration of the DNRE, including process re-engineering and continuous improvement efforts described in this plan, should follow these recommendations.

## **Organizational Structure and Decision-Making**

The regional directors with their “ear-to-the-ground” understanding of their regions – and the stakeholders in them – will be able to resolve issues that cut across programs and departments by bringing together the right people to find solutions that best meet those multiple needs. Through experience, regional directors will be able to guide practices and policies at the program level and thereby provide valuable assistance in tearing down traditional silos.

The regional system will help the DNRE make decisions and take swift actions that are tailored to specific circumstances. However, there are companion interests that are equally important. The DNRE must also be consistent and predictable in fulfilling its program responsibilities.

To serve those interests, the matrix organization will also include three administrations or units – Resource Management, Stewardship and Environmental Protection – in which former DNR and DEQ divisions will be housed, reducing the number of divisions and program offices from 22 to 14. Deputy directors will centrally manage these units in Lansing, ensuring that the DNRE operates within boundaries set by legal mandate, according to appropriate statewide strategies, principles and policies, and with standardized tools and practices that promote efficiency. Work functions and program areas are recommended for placement as follows:

### Resource Management

- Aquatic nuisance
- Aquatic regulations
- Aquatic resource mitigation
- Communications and marketing
- Creel survey
- Dam safety
- Flood hazard
- Habitat management
- Hatcheries
- Hydrologic studies
- Invasive species
- Lakes, streams and shorelands
- Land survey
- Law enforcement
- Non point source
- Permit consolidation
- Pretreatment
- Private lands management
- Research stations
- Revolving fund
- Sand dunes
- Soil erosion
- Species and habitat management
- State game and wildlife area management
- Submerged lands

- Tribal coordination
- Wastewater discharge
- Water management
- Water withdrawal
- Wetlands
- Wildlife health
- Wildlife health lab
- Wildlife permits
- Wildlife research
- Wildlife surveys

#### Stewardship

- Cooperative forestry
- Fire protection
- Forest campgrounds
- Forest fire experiment station
- Forest repair shops
- Forest resource planning
- Land survey
- Mackinac Island State Park Commission
- Mineral leasing and management
- Nurseries
- ORV program
- Park planning
- Parks and recreation operations
- Pathways program
- Public boat launches
- Public marinas
- Public land stewardship
- Real estate
- Resource assessment
- Snowmobile and Trails Advisory Council
- Snowmobile program
- Stewardship services
- Timber management
- Trails
- Waterways Commission
- Waterways planning

#### Environmental Protection

- Biosolids
- Brownfield redevelopment
- Campgrounds/pools
- Civil enforcement coordination
- Drinking water

- Emergency management
- Groundwater discharges
- Hazardous and liquid waste
- Low-level radioactive waste
- Medical waste
- Mineral wells
- Mining and minerals
- Oil and gas
- Remediation
- Resource protection
- Scrap tires
- Solid waste
- Superfund
- Tank programs
- Waste transporter

To further ensure consistency and continuity, the administrative arm of the management model will be centralized in Lansing and include a policy office (focusing on science, legislation and regulation), a media and communications office, a marketing, education and information technology office and an administrative office – each headed up by a chief officer. Work functions and program areas will be housed as follows:

#### Science, Policy, Legislative and Regulatory Office

- Administrative rules
- Emerging issues
- Legislative liaison
- Policy setting
- Regulations

#### Media and Communications Office

- Media relations
- Public information and outreach

#### Marketing, Education and Technology Office

- Customer systems
- Education
- Information technology coordination
- Marketing
- Michigan Historical Center
- Recruitment and retention
- Retail sales

### Administrative Office

- Accounting
- Annual reports
- Audit
- Bonds and loans
- Budget
- Construction management
- Design
- Facilities
- Federal aid
- FOIA coordination
- Grants
- Legal services
- Personnel development
- Policies and procedures
- Privacy
- Process engineering
- Procurement
- Real estate
- Security

### Office of the Great Lakes

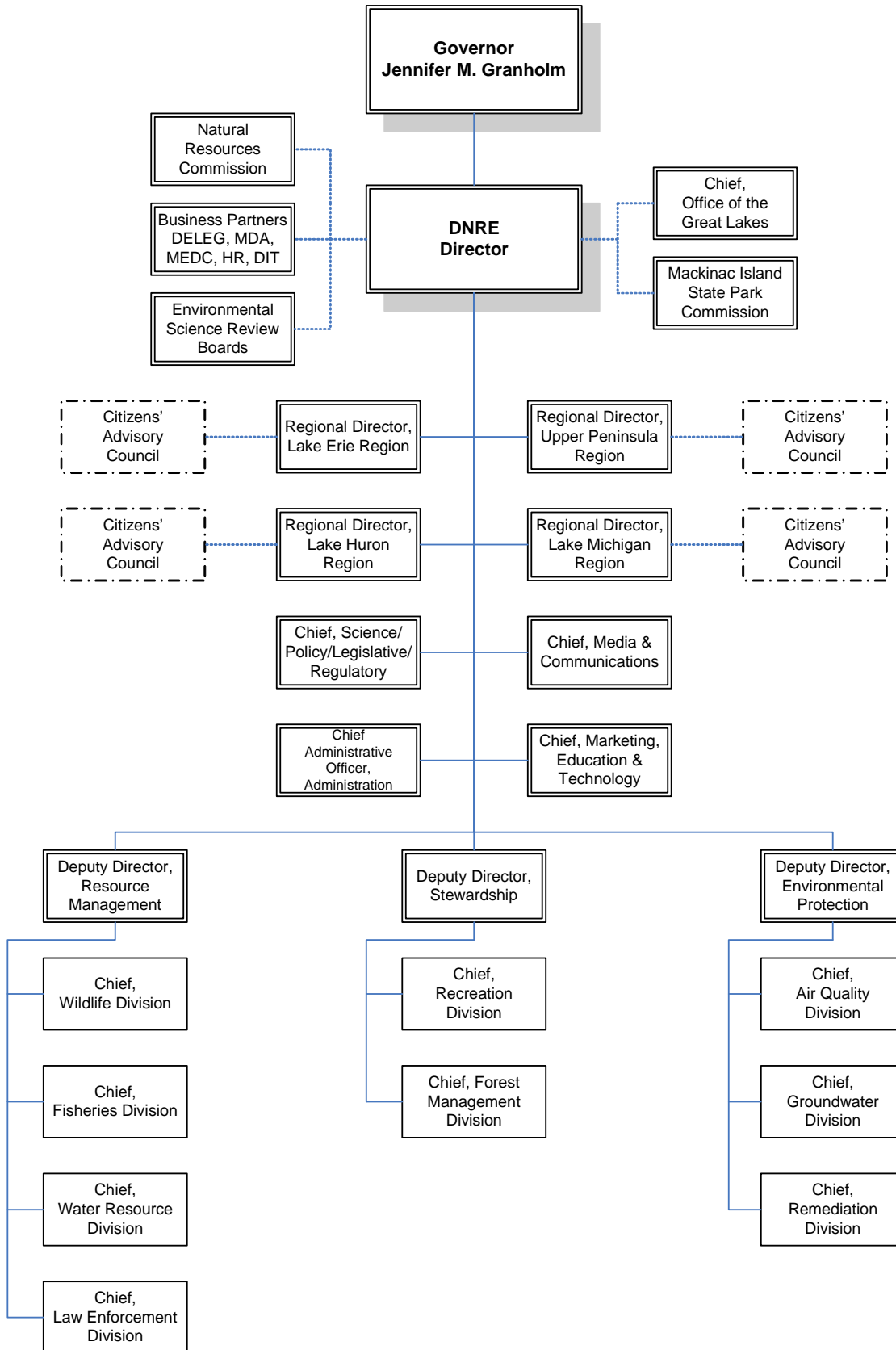
Additionally, the Office of the Great Lakes – with an appointed cabinet-level director – will be recognized as its own office within the DNRE. Its key functions and program areas will include:

- Areas of Concern
- Coastal Management Program
- Great Lakes Protection Fund



# Department of Natural Resources and Environment Organization Chart

January 17, 2010



## **Sustaining and Building Partnerships**

Another innovative change will be to engage “business partners” – employees from other state agencies and advocates for their agencies’ programs – and embed them in the DNRE to assure better coordination between departments; for example, the Department of Agriculture and the Department of Community Health are critical partners in monitoring environmental health. For all intents and purposes, these partners will be a part of the DNRE program teams.

## **Process Re-engineering and Continuous Improvement**

Beyond the layout of the organization, the DNRE’s management model must expand and improve a practice both the DNR and DEQ are currently employing: process re-engineering and continuous improvement, aiming for transparent programs built around agreed-upon outcomes that factor in ecological integrity, constituent needs and efficient solutions.

Process re-engineering is the fundamental rethinking and redesign of business processes to achieve dramatic improvements in critical measures of performance, such as cost, quality, service and speed. An example of process re-engineering is the value stream mapping exercise already completed by the DEQ’s Air Quality Division, which resulted in a dramatic decrease in the time it takes to issue an air permit.

A process is a collection of activities that takes one or more kinds of input and creates an output that is of value. Commonalities in a process-centered organization include:

- Several classifications or sets of job duties are combined into one for greater organizational flexibility
- Workers make decisions
- The steps in a process are performed in a natural order
- Processes have multiple versions
- Work is performed where it makes the most sense
- Checks and controls exist, but are reduced and reconciliation is minimized
- A process manager becomes the single point of contact
- Hybrid centralized/de-centralized operations are prevalent

Following the transfer into DNRE, teams will undertake process re-engineering with the help of outside professional process engineers and facilitators. The teams will include the DNRE employees currently responsible for performing the activities of DNRE programs; representatives from local, state and federal governmental entities with related or overlapping capabilities; and outside stakeholders.

To start, the functions and deliverables of DNRE programs will be evaluated to determine whether each continues to be required or necessary and is adding value toward achieving the department’s resource management and environmental protection mission. The functions and deliverables, which in the past may have been nice to have but are no longer necessary, may be eliminated by this review. For those functions and deliverables emerging from this initial review, the processes underlying each will be mapped by the teams. A process map is a diagram which shows the logical order of steps and who performs each step, as well as the required resources, approvals, metrics and timeline for producing the deliverable.

Each process step will be evaluated on whether it adds value and, if so, whether it may be performed more efficiently in another way or by an entity other than the DNRE. Those steps which may have been performed in the past but which are not adding value may be eliminated. This may necessitate changes to statutes and regulations, if it can be demonstrated that a step is not needed to achieve the fundamental purposes of the original legal framework.

The outputs from this process re-engineering will be process maps, related job aids and measurement metrics for the streamlined business processes of the DNRE. Additional changes to the DNRE organizational structure, reporting relationships and job functions for some employees, as well as the elimination or transfer of some functions to other governmental entities or to the private sector, may occur after and as a result of process re-engineering.

### **Statewide Consistency and Efficiency**

To improve program transparency and help structure individual regulatory decisions, the DNRE will continue to collect, synthesize and make public the administrative tools that govern decision-making (such as program guidance documents and contested case decisions). Staff will be provided the tools, time and training to become more effective problem-solvers, and sufficient IT support must be made available to help the department and the public track decisions at both the permit and program level.

Using this more “flattened” organizational structure, the DNRE will set the standard for efficiency, responsiveness and the ability to recognize challenges and opportunities earlier. The matrix structure will expose collaborative opportunities, modify processes to serve the public better, and empower employees closest to the resources to make decisions informed by sound science, appropriate statewide policies and principles, and local public input. Putting the focus on efficient management of healthy ecosystems will ground the DNRE in best practices and create an environment in which it is better able to meet its federally and state-mandated responsibilities while delivering balanced, shared outcomes for residents, partners and stakeholders.

I believe this organizational structure is a “best of both worlds” scenario. It retains linear reporting for accountability and consistency, but provides a platform for integrated planning and decision-making at the regional level. It’s an opportunity for necessary, fundamental change, an opportunity the DNRE cannot afford to miss. A transition calendar detailing the timeline for changes is available in Appendix C.

### **Transfer of Programs**

A preliminary review of DNR and DEQ natural resources management and environmental protection programs was undertaken by the transition team to identify opportunities for elimination of overlapping programs or for transfer of administration of these programs to other local, state or federal governmental entities or to the private sector. A number of opportunities were identified by this review.

For example, the DEQ's radiological services program was once housed within the Michigan Department of Community Health (DCH). Most of the entities covered by the DEQ's radiological services program are also regulated by DCH for a variety of other programs. The partnership between DCH and these entities is much stronger and broader than that with DEQ. Since 2007, the DEQ has been in discussions with the entities regulated under the radiological services program about pursuing delegation of this federal oversight program from the U.S. Nuclear Regulatory Commission to the state of Michigan. The regulated community would realize significantly lower user fees if Michigan were to become an agreement state for purposes of this program. The regulated community has expressed interest in supporting this delegation with a temporary increase in user fees to fund the steps required for Michigan to become eligible, but has requested that, as part of this change, the radiological services program be transferred back from DEQ to DCH.

The identified opportunities for eliminating the overlapping of programs and for transfers to other entities will be thoroughly vetted by the DNRE process re-engineering teams and submitted for Executive Office review during 2010. The teams will, as each process is mapped, bring forward specific recommendations for consideration by the stakeholders affected by any proposed changes.

## **Human Resources Management**

### **Transfer of DNR and DEQ Employees**

On January 17, 2010, employees of the DNR and DEQ become part of the DNRE in a Type II transfer according to the executive order. This type of transfer means that both the DNR and the DEQ and all of the departments' statutory authority, powers, duties and functions, records, personnel, property, unexpended balances of appropriations, allocations or other funds (including the functions of budgeting and procurement) are transferred to the DNRE.

While it will be up to the DNRE director and management team to determine employees' ultimate roles, it's crucial that the DNRE operate as a forward-thinking employer. The DNRE will take the best aspects of traditional human resource management strategies and adapt for the needs, expectations and abilities of today's work force; seek out and retask overlapping duties and responsibilities; and ensure that employees are equipped to continuously improve and carry out the essential duties of a state agency responsible for protecting and promoting Michigan's natural and environmental resources.

### **Empowering Employees**

The traditional line management organizational model doesn't hold up in today's information-on-demand society. Customers expect their questions to be answered and their requests given thoughtful, timely consideration. They don't care to hear about a manager higher up the food chain who needs to grant approval on a seemingly simple request. As a successful organization, the DNRE will uphold the principle that when employees are entrusted with information and given authority to make decisions affecting their program areas, they do their jobs better and with greater accountability. Further, the DNRE will break down the walls between agency and customer by requiring staff in key decision-making arenas (like permitting) to get out of the office and into the field. Knowing the customer and his environment inside and out will lead to greater efficiency, candid dialogue and real solutions.

### **Work Force Development**

The DNRE will make work force development a key component of its human resources strategy, building on the strength of the programs already in place at the DNR and DEQ. Most employees appreciate – and expect – the opportunity to do their jobs in an environment that allows for personal and professional development. The state of Michigan strives to be an employer of choice, and a surefire way to move closer to that goal is to offer a work environment where the best work can be done: things like mentoring programs, flexible scheduling and telecommuting options, cross-training in different program areas, and educational opportunities linked to either the managerial track or the science/engineering/technology track.

As new employees join the agency, the DNRE will take a personal approach in introducing staff to the agency, and add new training and orientation opportunities as appropriate. Consider it the DNRE's strongest chance to make a positive and lasting first impression on new hires. By continuously improving an orientation process that clearly and comfortably tells new employees what they need to know and provides ample opportunity to have questions answered (rather than making them find out about the organizational nuances the hard way), the DNRE can be confident that employees will feel welcomed, valued and prepared for challenges ahead – definitely a good way to start out what will ideally be a mutually rewarding relationship for both employee and employer.

### **Employee Performance Feedback**

The DNRE can also gain greater employee results by building increased metrics management into performance planning. Metrics are standards against which employees' performance can be measured in a particular area. In terms of customer satisfaction and continuous improvement, the DNRE can employ the use of metrics that assess the department's ability to meet customers' needs and business objectives. In addition to providing greater accountability for front-line supervisors and work-unit managers, the use of metrics actually leads to higher employee satisfaction and career mobility because the expectations are clear and the benchmarks for success are aligned with those expectations.

### **Replacement and Succession Planning**

Finally, with approximately 30 percent of the DNRE work force eligible for retirement within five years, the department must give serious thought to key replacement and succession planning. The DNR and the DEQ are home to a vast store of institutional knowledge that, without careful planning, is in danger of being irretrievably lost.

## **Information Technology Management**

### **Web Site Redesign**

The Internet provides one of the most efficient and cost-effective means to communicate with stakeholders and the public. Citizens increasingly rely on Michigan.gov and other resources for transparent access to state government programs and information. Designing an effective Web site for the new department is a major priority, basing the construction on easy access and simple and direct navigation, while avoiding the mistake of simply lumping together two existing sites. The DNRE home page will be live on Michigan.gov January 17, with additional changes following as part of the Michigan.gov migration to a new content management application. This interim DNRE “front page” will focus on answering visitors’ most frequent questions, while clearly delivering the message that DNRE is open for business.

### **Michigan Business One-Stop**

The new Michigan Business One-Stop is a major re-engineering of how individuals interact with state government licensing and permitting, providing significant new efficiencies and a more transparent and helpful process for business. The programs in the new department will play a large role in the continued addition of more programs into this public-friendly IT setting, building upon the environmental programs that have already been included in initial phases.

### **Online Interaction with Citizens**

Changing technology provides enormous opportunities for more efficient interaction between state government and the public it serves. In addition to transparency, embracing the technological tools at the DNRE’s disposal also makes good business sense – especially in a time of limited funding. For example, the department should continue forward with the development of electronic document management as a means of saving physical storage costs and making documents more readily available to the public and to stakeholders. In addition, the department will realize substantial savings in complying with legal discovery and the Freedom of Information Act through the use of electronic document management.

### **Internal Communication**

Internal communication is also vital for the success of the new department. Current DNR staff will make the migration from GroupWise to the Outlook email system, bringing everyone in the DNRE onto a common email and scheduling system. This is essential for successful integration of programs from two departments into one.

### **Replacement of Legacy Systems**

Currently, the IT environments of both the DNR and DEQ reflect incremental development based on divisional priorities and a reliance on varied funding sources and aging legacy IT applications. There is much to be gained in efficiency and cost-savings by transitioning multiple unique legacy systems into common software and platforms. One of the first priorities must be to finish the legacy system inventory, including a business case assessment of all costs for retaining or replacing each system – an honest evaluation of how well each one helps (or doesn’t help) staff meet the expectations of customers.

## **Leveraging Existing Enterprise Platform and Technologies**

Within this larger strategic vision, there are proven technologies that create measurable efficiencies that need to be adopted. These tools include work management applications, greater use of shared drives, groupware, and leveraging the existing enterprise IT platform. Another strong opportunity is a bigger embrace of GIS information into existing and new data applications.

These initiatives will only be effective if they are part of a broader vision and plan for how the DNRE operates in the technology environment. One of the first priorities for the new department should be creation of a comprehensive three-year IT plan and a new Service Level Agreement with the Department of Information Technology (DIT).

A key element of the plan would include an internal structure to identify, prioritize and manage the many technology needs and associated costs of the department in collaboration with state IT managers. In addition, DNRE will strengthen its partnership with DIT by including a DIT representative (a DIT information officer) in the department's leadership team. The Information Officer will gain an in-depth understanding of DNRE business operations and service needs, and act as the DNRE's advocate within DIT.



## **Financial Management**

### **Sources and Uses of Funds**

The DNRE will be funded primarily with permit and user fees and federal funds (see Appendix D) with a small percentage of general fund tax dollars comprising the remainder of the budget. Periodic bond revenues have provided sporadic funding but have been very narrow in scope. The various revenue sources are used for cleanup and remediation of contaminated sites, protection of the environment including air, water and land, proper disposal of waste products, and recreational activities such as fishing, hunting, camping, hiking and snowmobiling.

### **Transparency**

With the primary funding sources of the department being user fees and federal funds, there are many statutes (both federal and state) that place restrictions on how the funds are used. To ensure our stakeholders that the funds are being used properly, the DNRE will continue its fiduciary responsibility for appropriate use and expenditure of restricted funds and user fees that are constitutionally protected. To provide transparency, the department will produce an annual report that not only highlights accomplishments but also includes audited financial statements and identifies sources and uses of revenues. The DNRE regional directors will also make the annual report available to citizens' advisory committees. Further assurances will be provided by the Auditor General as biennial single audits are conducted and annual financial statements are audited.

### **Procurement**

With the high volume of contracts and grants that are entered into and awarded by the department, consolidation of the procurement and grant administration will allow for continuous improvement and consistent, streamlined functionality. Procurement policies and procedures will be uniformly followed and enforced and coordinated with the new Department of Technology, Management, and Budget. Standardized contract language will be developed and utilized for contracts and grants. Decision authority to award grants will reside with the program areas. Centralized staff will work closely with the program areas to provide the administrative support functions to achieve the desired outcomes.

### **Administrative Support**

The administrative support functions for the department will be consolidated in a uniform, centralized framework that will work in partnership with the line divisions to support the department mission. These consolidated functions include budget development, financial management and accounting, internal controls and audit, procurement, grants administration, and facilities and real estate management. The principal function among these will be budget development and resource allocation that allows the line divisions to achieve outcomes responsive to the department's priorities and strategic plan goals, while protecting the integrity of the funding source. The line divisions will be accountable for optimizing the use of available resources in achieving their respective outcomes.

## **Facilities**

In addition, the DNRE's facility needs will be assessed in order to realize savings through maximum efficiencies. The process will be comprehensive, beginning with a thorough inventory of all assets and complete analysis by a special facilities review team. The team will be tasked to review offices on a regional basis, consistent with the new organizational model, and the analysis will be conducted with firm application of guiding principles and other relevant criteria. The team's evaluation will consider the true net savings of any changes, place an emphasis on a more flexible work environment such as through telecommuting, rotating shared use of office space by multiple employees, and ensuring that the needs of the customer are always considered. Every attempt will be made to avoid forcing staff to sell homes and move. The facility review team's recommendations will be submitted to the department director for decision-making and implementation. This evaluative process will be ongoing, constantly seeking additional efficiencies and savings in a changing work environment.

## **Information Technology Costs**

The DNRE chief of marketing, education and technology will manage the department's new consolidated information technology (IT) function, supporting both the work of the line divisions and the interface with customers who access department services. This work will be completed in concert with the DIT-assigned information officer and will include processes to evaluate the effectiveness of existing IT platforms and applications, identify and prioritize department IT needs into a comprehensive IT plan, develop the IT budget request in support of the IT plan, and oversee IT expenditures. This function will also develop the business case for required IT support, identify opportunities to leverage DIT enterprise-wide platforms that result in operational savings and efficiencies, and develop IT applications that support the common business needs of multiple divisions.

## **DNRE Brand Costs**

The governor designated the name of the DNRE to allow people to quickly identify the mission of the agency. Given the state's current financial challenges, it isn't feasible to incur costs associated with a new brand. Employees will use and exhaust existing supplies and materials that carry the name and/or logo of DNR or DEQ. Migration to a new logo, supplies, uniforms, etc., will occur over an extended period of time, and this timetable will be revisited when the state's economy improves.

## **Financial Calendar**

The centralized administrative group, in partnership with division managers will operate in accordance with the calendar shown in Appendix E.

## **Marketing Management**

### **DNRE: The National Leader**

The DNRE will be the leader in marketing Michigan's natural and environmental resources that have been entrusted to its stewardship. Using the four classic elements of marketing – price, place, promotion, and product – the department will promote all that Michigan has to offer to hunters, anglers, trappers and other outdoor enthusiasts and employers seeking a friendly business climate, high quality of life, and the sustainability of natural resources.

To successfully implement this tremendous opportunity, all of the department's programs and resources will be evaluated for how they best support this mission. In essence, each contact between the department and the public is a chance to market the DNRE mission. This strategy must be supported by strong internal communications, information and training programs.

### **Message Management**

Centrally, the department's communications structure needs to provide the message, resources and technical expertise to accompany the scientific knowledge and management found throughout the department. This message will be developed through a better understanding of our existing and potential customers. In addition, the department needs a clearly defined marketing plan that spells out goals and how they will be achieved, all in support of the DNRE "brand" (who we are, what we do and why it is of value to the public). The plan needs to include a creative and broad use of all marketing and communications tools and be very message-disciplined. In this time of limited financial resources, it is also essential that the department be even more aggressive in the development of strategic marketing partnerships.

### **Training Employees**

For the DNRE, it's vital that employees are knowledgeable about the department's communications and marketing resources, as well as having a clear understanding of how each employee contributes to the "public face" of the DNRE. This means strong internal communication is essential and that all employees need access to training in the elements of marketing and communications. Technology such as the Internet and digital delivery offer many opportunities to meet this objective, especially in a department where employees are located throughout the state in large numbers.

The department must be able to quickly and easily communicate internally, with stakeholders, media representatives, partner organizations and recreational users, and do so in a way that most easily meets the individual audience's information-delivery needs. That requires a strong partnership within the department between the communications staff and those interacting directly with the public. The DNR has already set into motion an account manager structure that ensures close interaction between the communications staff and program-delivery managers and a central calendar of public activities and initiatives throughout the department. The account-manager model is nimble enough to respond to opportunities while also creating more proactive and efficient communications activities.

## **Integrated Marketing**

Because of the nature of its permitting and licensing functions, both the DNR and DEQ have in their hands a wealth of data about customers and potential customers. An extensive analysis of this data needs to be completed with the goal of integrating it into targeted marketing campaigns. Staff resources must be dedicated to evaluating, understanding and using such data to further the DNRE's mission and better serve the public and employers.

## **Elimination of Outdated Statutes and Regulations**

In order to function as a leaner agency that is in touch with the environmental and natural resources challenges of today's residents, stakeholders and businesses, a thorough review of current statutes and regulations is critical. Often legislation is passed and regulations are set to respond to problems and situations that are truly specific to a limited time and/or place. The DNR and DEQ staff conducted an in-depth review of statutes currently on the books and has made recommendations about which should be eliminated or revised (see Appendix F). This is a practice that should be continued on an annual basis.

# **Appendices**

## **APPENDIX A**

### **DNRE Transition Coordination Plan**

#### **INTRODUCTION**

The following is a schedule and plan to facilitate the transfers of the Michigan Department of Environmental Quality (DEQ) and Michigan Department of Natural Resources (DNR) to the Michigan Department of Natural Resources and Environment (DNRE), effective January 17, 2010, in accordance with Executive Order 2009-45 and Executive Directive 2009-6.

#### **CURRENT SITUATION**

- DEQ and DNR employees are hard-working, dedicated professionals
- DEQ and DNR have different cultures
- Environmental and resource funding has been reduced – driving a need for efficiencies
- There's a perception that state government should be more customer-friendly

#### **GOALS/OUTCOMES**

The DNRE will:

- Become a national leader by adopting an integrated, human health and ecosystem approach to environmental and resource management
- Preserve Michigan's outdoor heritage
- Provide quality and accessible outdoor recreation
- As a single department, become more effective and efficient
- Promote a culture of transparency and problem solving
- Facilitate and encourage economic growth in a sustainable manner

#### **STRUCTURE**

Office of Governor Jennifer M. Granholm, executive sponsors:

- Dan Krichbaum
- Nate Lake

Core transition team:

- Bruce Rasher (DNRE transition manager)
- Keith Charters
- Becky Humphries
- Mindy Koch (DNR transition coordinator)
- Steve Chester
- Jim Sygo (DEQ transition coordinator)
- Frank Ruswick
- JoAnn Merrick
- Donna Stine
- Ann Kroneman

- Pat Stewart
- Holly Grandy-Miller

Expanded team (core team plus):

- Communications: Bob McCann, JoAnn Merrick, Mary Dettloff, Mark Hoffman
- Process managers from DEQ and DNR
- Others to be determined, as needed

## APPROACH

- Process redesign/re-engineering
- Consistent, regular communication and outreach to DNR and DEQ employees and stakeholders
- Change management

PHASE 1 (October 19—November 2)

- Undertake high-level process redesign (core team)

PHASE 2 (November 2—November 25)

- High-level redesign/re-engineering (expanded team)

PHASE 3 (November 25—December 31)

- Report to Governor

PHASE 4 (After January 17, 2010)

- Complete process redesign (DNRE director)

## COMMUNICATION AND OUTREACH

- During Phases 1-4, seek input for redesign and proposals and change management

## **APPENDIX B**

### **Meetings and Communications with Stakeholders and DNR and DEQ Employees**

In an effort to ensure that stakeholders' and staff opinions were heard and considered in transition planning, the transition manager met with dozens of conservation and environmental groups and interacted with 800+ staff members through e-mails, phone conversations, expanded work groups, brown bag lunches, Web-based suggestion boxes and public meetings.

In total, the transition manager received more than 450 e-mails from internal and external sources. The e-mails contained employee and stakeholder suggestions, comments and ideas regarding the successful transition to the DNRE.

Following is a list of all stakeholder groups that the transition manager met with during October, November and December 2009. Indented sub-lists indicate the affiliations of guests present as part of a larger focus group hosted by a particular organization. (For example the Environmental Advisory Council meeting included individual environmental policy consultants and representatives from the Michigan Environmental Council, Beier Howlett, Southeast Michigan Council of Governments, Ottawa County Health Department, Comerica Bank, NTH Consultants, Ltd., Ecology Center and the Detroit Department of Environmental Affairs.)

AKT Peerless Environmental & Energy Services  
American Motorcyclists Association  
API of Michigan  
ARCADIS  
ARCADIS G&M of Michigan, LLC (focus group)  
    ARCADIS  
    BASF Corporation  
    Canadian National Railroad  
    Chrysler representatives  
    General Motors  
    Georgia Pacific  
    Miller, Canfield, Paddock & Stone, P.L.C.  
Capital Group  
CB Richard Ellis  
Citizens Committee for State Parks Meeting  
Clean Water Action  
Cliffs Natural Resources  
Couture Environmental Strategies LLC  
Dearborn Mayor  
Deloitte  
Delta Waterfowl  
DEQ (former) Director  
Detroit Regional Chamber of Commerce  
Detroit Regional Chamber Environmental Policy Committee  
DNR (former) Directors  
DNR (former) Region II Deputy Director  
Dow Chemical Company  
DTE Energy  
Ducks Unlimited



Ecology Center  
 Environmental Advisory Council  
   Michigan Environmental Council  
   Beier Howlett  
   Southeast Michigan Council of Governments  
   Ottawa County Health Department  
   Comerica Bank  
   NTH Consultants, Ltd.  
   Ecology Center  
   Environmental Policy Consultants  
   Detroit Department of Environmental Affairs  
 EnviroPolicy Consultants  
 Grand Rapids Mayor  
 Great Lakes & St. Lawrence Cities Initiative  
 Great Lakes Renewable Energy Association  
 Governmental Consultant Services, Inc.  
 Habitat Protection and Restoration Work Group  
   DNR  
   Public Sector Consultants, Inc.  
   Washtenaw County Drain Commission  
   The Nature Conservancy  
   Ducks Unlimited  
   National Wildlife Federation  
   Michigan Trout Unlimited  
   U.S. Fish & Wildlife Service  
   DNR Director  
   Huron Pines  
   Heart of the Lakes  
   MDA  
   Citizens Committee for State Parks  
   Michigan Farm Bureau  
   DEQ  
   Michigan United Conservation Clubs  
   Clinton River Watershed Council  
 Heart of the Lakes Center for Land Conservancy  
 Huron River Watershed Council  
 LGI Consulting, LLC  
 Michigan Association of Conservation Districts  
 Michigan Association of Counties  
 Michigan Business Ombudsman  
 Michigan Chamber of Commerce  
 Michigan Chamber of Commerce Environmental Quality Committee  
   Atlas Oil Company  
   Tower Pinkster  
   Warner Norcross & Judd LLP  
   BB&E, LLC  
   AKT Peerless Environmental Services  
   Consumers Energy  
   Lafarge North America  
   Associated Petroleum Industries of MI  
   Dow Chemical  
   Business Advocacy & Associate General Counsel  
   Waste Management of Michigan  
   DTE Energy

Cliffs Natural Resources  
 Detroit Regional Chamber of Commerce  
 Pepper, Hamilton, LLP  
 Conestoga-Rovers & Associates  
 Michigan Farm Bureau  
 GZA GeoEnvironmental, Inc.  
 Malcolm Pirnie, Inc.  
 Governmental Consultant Services, Inc.  
 Pfizer, Inc.  
 Michigan Soft Drink Association  
 Ford Motor Company  
 Barr Engineering Company  
 Entergy Nuclear  
 Michigan Rural Water Association  
 MACTEC Engineering & Consulting, Inc.  
 Granger III & Associates, LLC  
 Zimmerman, Kuhn, Darling, Boyd, Quandt & Phelps  
 Jaffe, Raitt, Heuer & Weiss, P.C.  
 Inland Seas Engineering, Inc.  
 General Motors  
 Julian Vail, LLC  
 Amway Global  
 Michigan Charter Boat Association  
 Michigan Chemical Council Chemical Industry Conference  
 Michigan Environmental Council  
 Michigan Farm Bureau  
 Michigan Fly Fishing Association  
 Michigan Forest Products Council  
 Michigan Gun Owners  
 Michigan Hunting Dog Federation  
 Michigan League of Conservation Voters  
 Michigan Manufacturers Association  
 Michigan Municipal League  
 Michigan Municipal Utility Directors  
 Michigan Oil and Gas Association  
 Michigan Recreation & Parks Association  
 Michigan Resource Stewards  
 Michigan Snowmobile Association  
 Michigan State University Extension, Michigan Natural  
   Features Inventory  
 Michigan Steelhead & Salmon Fishing Association  
 Michigan Trout Unlimited  
 Michigan United Conservation Clubs  
 Michigan United Coon Hunters Association  
 Muchmore, Harrington & Smalley Associates  
 Muskegon Save our Shoreline  
 National Wildlife Federation  
 Off-Road Vehicle Advisory Board  
 Pheasants Forever  
 Public Sector Consultants  
 Public Sector Consultants & former DNR Resource Management Deputy Director  
 Quality Deer Management Association  
 Real Estate Interests Group  
 Saginaw Field & Stream

Sierra Club  
Small Business Association  
Snowmobile Advisory Council  
Stakeholders Meeting (preliminary report)  
The Resource Stewards  
Trout Unlimited  
National Wildlife Federation  
Michigan Environmental Council  
Michigan Forest Products Council  
API of Michigan  
Michigan Manufacturers Association  
Clean Water Action/Clear Water Fund  
Michigan Chemistry Council  
Detroit Regional Chamber  
DNR  
Heart of the Lakes  
Capitol Group  
Michigan United Conservation Clubs  
DEQ  
Sierra Club  
Michigan Chamber of Commerce  
Michigan Recreation & Parks Association  
Ecology Center  
EnviroPolicy Consultants/MCC  
The Nature Conservancy  
Michigan Chemical Council  
The Little River Band of Ottawa Indians  
The Nature Conservancy  
United Tribes of Michigan  
University of Michigan - Real Estate Club of U of M  
U.P. Whitetails & UPSA  
Washtenaw County Drain Commission  
Wiener Associates

**APPENDIX C****Proposed Transition Calendar**

	<b>Phase I January – March 2010</b>	<b>Phase II April – June 2010</b>	<b>Phase III July – December 2010</b>
<b>Internal Communications</b>	Establish internal communications tools for use in the transition process  Outline high-level department leadership, objectives and structure  Utilize frequent emails to employees, Intranet postings and work unit/location meetings	Provide regular updates at key points as organizational structure is more fully determined	Ongoing flow of information as part of regular internal communications
<b>Human Resources</b>	Announce DNRE director and senior management team  Announce the interim structure  Finalize overall organizational structure	Selection of managers  Determine organizational structure for balance of the department, including regional functions	Complete alignment of staff-level functions and responsibilities within the new department
<b>Process Re-engineering</b>	Secure external process re-engineering resources  Prioritize deliverables of the department  Assemble teams  Begin re-engineering process	Process redesign  Process mapping  Organizational change as appropriate  Training	Implementation  Continuous improvement
<b>Information Technology</b>	Unveil new department home page and begin redevelopment of Internet content and information	Completion of new department site on Michigan.gov	Migration of department Web site into new eMichigan content management software

<b>Information Technology (continued)</b>	<p>Begin development of departmental IT strategic plan</p> <p>Include senior DIT employee in department management team</p> <p>Complete legacy application inventory</p> <p>Migration of employees into common Outlook email and calendar system</p>	<p>Identify new technologies to enhance work environment and conduct a business case for investment in them</p> <p>Assess business case for each legacy application</p>	<p>Development of business plan for migration of priority legacy applications</p> <p>Begin migration for top-priority legacy applications</p>
<b>External Marketing</b>	<p>Development of marketing plan, department brand and key messages</p> <p>Develop new department logo</p> <p>Identify marketing training needs and resources</p> <p>Develop tools to communicate with stakeholders</p> <p>Develop central calendar of department public events and initiatives</p>	<p>Development of marketing plan, department brand and key messages</p> <p>Develop consolidated process to answer general public questions received by phone or email</p> <p>Develop marketing training program</p> <p>Implement account manager model throughout department</p>	<p>Begin implementation of marketing plan</p> <p>Implement online and phone public information system</p> <p>Begin broad staff training in marketing applications and tools</p>

## APPENDIX D

### DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT SOURCES AND USES STATEMENT

	2002	2009	2010 <sup>1</sup>		2002	2009	2010 <sup>1</sup>
<b><u>Sources</u></b>				<b><u>Operating uses</u></b>			
General Fund	\$153,091,300	\$55,036,000	\$43,949,400	Salaries, wages, benefits	(\$235,133,936)	(\$279,163,551)	(\$301,547,400)
Federal Funds	\$144,410,442	\$178,632,917	\$427,343,870	Unemployment	(\$1,529,578)	(\$2,051,153)	(\$2,006,000)
Restricted Funds	\$355,555,070	\$415,099,279	\$405,609,171	Workers comp	(\$1,367,772)	(\$1,154,826)	(\$1,384,000)
Bond Proceeds	\$71,138,140	\$50,500,000	\$35,000,000	Travel and vehicle services	(\$12,376,897)	(\$11,378,777)	(\$12,897,000)
Asset Revenue	(\$20,363,185)	(\$32,223,662)	(\$19,434,600)	Facilities (rent)	(\$15,969,743)	(\$17,445,457)	(\$17,727,000)
	\$703,831,767	\$667,044,534	\$892,467,841	Information technology	(\$12,634,481)	(\$23,386,326)	(\$22,412,000)
				Grants	(\$145,721,434)	(\$71,894,676)	(\$152,314,853)
				SRF & DWRP loans	(\$74,064,693)	(\$86,124,288)	(\$268,316,961)
				SRF & DWRP state match	(\$17,353,500)	\$0	\$0
				Transfer for non program services	(\$56,514,039)	(\$19,073,479)	(\$18,969,400)
				Payments in lieu of taxes	(\$16,381,991)	(\$2,115,271)	(\$2,450,000)
				Other operating expenses	(\$72,906,949)	(\$62,431,892)	(\$63,306,095)
				<b><u>Capital uses</u></b>			
				Equipment	(\$2,149,425)	(\$3,138,524)	(\$2,676,400)
				Land acquisitions and fees	(\$6,590,126)	(\$36,409,368)	(\$20,564,285)
				Infrastructure investment	(\$33,384,468)	\$0	\$0
				<b><u>Environmental Clean-ups</u></b>			
					(\$79,434,039)	(\$38,398,687)	(\$59,100,000)
				Total uses	(\$783,513,071)	(\$654,166,275)	(\$945,671,394)

<sup>1</sup> Fiscal Year 2010 sources and uses include Historical Programs and Mackinac Island.

<sup>2</sup> Beginning appropriations amounts; does not reflect Executive Orders.

<sup>3</sup> Fiscal Year 2010 includes federal stimulus funding of \$197 million and \$50 million in Great Lakes Restoration for DEQ. DNR did not include \$15 million in Great Lakes Restoration due to uncertainty of the flow of the funding.

<sup>4</sup> Reflects general obligation bonds for Clean Michigan Initiative.

<sup>5</sup> Fiscal Year 2010 reflects legislative transfers of surplus Bottle Deposit Trust Funds in excess of current year revenues and amounts retained for investment purposes

<sup>6</sup> Fiscal Year 2002 IT costs for DNR are prior to the formation of DIT so many of the costs are in salaries, wages, benefits and other operating expenses.

<sup>7</sup> Fiscal Year 2010 reflects \$50 million in Federal Great Lakes Restoration Grants.

<sup>8</sup> SRF and DWRP are the State and Drinking Water Revolving Funds which make wastewater and drinking water infrastructure loans to municipalities. Fiscal Year 2010 includes \$185 million in federal stimulus funding

<sup>9</sup> Reflects legislative use of 7/8 cent fee collected on refined petroleum products for debt service on bonds and Department of Agriculture programs

## **APPENDIX E**

### **Proposed Financial Calendar**

#### January – March

- Development and rollout of strategic plan
- Revenue projections reviewed and updated

#### April – September

- Divisions and offices develop budget requests based on strategic plan
- Legislative budgetary hearings
- Legislature finalizes budget for start date of October 1

#### September – January

- Budgetary entries prepped and entered into accounting system
- Divisions based on the strategic plan, allocate their budget as finalized by the legislature
- Budget development process starts for next fiscal year with deadlines set by the State Budget Office
- Restricted revenue projections reviewed and updated

#### September – November

- Book closing
- Financial statements by restricted fund generated
- Based on book closing, estimated revenues are compared with authorized budgets and, if needed, reduction amounts allocated to divisions for incorporation into their budgets

#### December – August

- Spend plans reviewed monthly by the DNRE management team
- Spend plans reported to Natural Resources Commission
- Quarterly budget review meetings held with budget office

## APPENDIX F

### Proposed Elimination of Obsolete Statutes

Statute Name	Description	Rationale for Elimination
<b>Homing Pigeons</b> MCL324.40901 MCL324.40902 MCL324.40903	Provides special protections for the homing pigeons of an individual.	In this case the law views homing pigeons as the property of another person and provides that no other individual may harm, hunt, chase, etc. those pigeons. Presumably the same rights provided to the owner of personal property would also extend to homing pigeons owned by an individual like other essentially domesticated animals. In that regard, it is duplicative and the homing pigeon should not be afforded particular protection in state law.
<b>Forest Restoration Pilot Project</b> MCL324.50108-50119	Provides for the establishment of forest restoration pilot projects.	To the knowledge of the staff in FMFM, this subpart has not been used in over 10 years and the groups created therein are not active.
<b>License Fee Deferment</b> MCL324.43522a	Provides the authority for the director to defer the onset of 2 license fee increases.	The last of these deferments were enacted over five years ago and the section no longer bears any relevancy to the administration of present day licenses or license fees.
<b>Lifetime Licenses</b> MCL324.44102 MCL324.44103	Provides for the sale and purchase of lifetime hunting and fishing licenses between 1989 and 1990.	These licenses have not been offered for sale for nearly 20 years.
<b>UP ORV Task Force</b> MCL324.81126	Provides that the UP ORV task force created by the commission submit a report of its findings to the legislature by 1/1/98.	The task force is no longer convened and the reporting requirement passed nearly 12 years ago.
<b>Old ORV Review Board</b> MCL324.81128	Creates a citizens ORV review board, prescribes members, duties, and powers.	The review is required to submit a report six months after its formulation (1/1/94) and the law disbands the board upon the submission of its report.
<b>Surplus Waters</b> MCL324.31113	Provide technical support to any board or local unit of government seeking to determine if surplus water exists.	Ruled unconstitutional in first and only use.
<b>Reclamation of Mining Lands</b> MCL630101c, MCL630101g	Addresses requirements for nonmetallic mining operations.	No funding has been provided for many years for nonmetallic mining oversight, and no activities have been conducted except to receive annual reports from mine operators. The provisions of Part 631 pertaining to iron mining should be retained.



<b>Maps of counties furnished by state geologist</b> MCL322.350	Requires state geologist to furnish to the land office a map of each county.	This is an antiquated provision. There has been no need for this function for many years. The duties of the land office were eventually transferred to the DEQ.
<b>Water Resources Protection WB</b> MCL324.3103(2)	Prohibits DEQ from promulgating rules under Part 31 [except for rules authorized under section 3112(6)]	The last sentence of this paragraph should be deleted. This part of the law is archaic. It currently prevents DEQ from implementing rule changes that would be beneficial to the regulated community and ensure environmental integrity.
<b>PCB Compounds</b> MCL324.14701-324.14705	Regulates the disposal of solid or liquid wastes from the use of PCBs, or items, products, or materials containing 100ppm or greater of PCBs.	DEQ does not enforce it and there is a federal program in place.
<b>Solid Waste Alternatives Administrative Rule</b> R299.1201-299.12701	Implementing rules for grants under Part 195, Environmental Protection Bond Implementation, of the NREPA.	All solid waste alternative projects have been completed and no grant obligations remain.
<b>Ballast Water Reporting</b> MCL324.3103a	Related to reporting.	No longer applicable; a permit program is in place.
<b>Water Pollution Control Facilities Tax Exemption</b> MCL324.3701-324.3708	Provides tax abatements for water pollution control facilities.	The Water Bureau has statutory responsibility to make determinations as to whether built facilities are for water pollution control and or treatment. If so, they can qualify for tax abatements on property, sales and any special use taxes. Final decisions are made by the State Tax Commission. There are no minimum standards that pollution control facilities must meet. Water Bureau receives no resources to manage this program. Most, if not all, facilities built are required by state law or regulation. There is no impact on pollution control if program is eliminated.
<b>Air Pollution Control Facilities Tax Exemption</b> MCL324.5901-324.5908	Provides tax abatements for air pollution control equipment.	Air Quality Division has statutory responsibility to make determinations as to whether proposed equipment to be installed is for air pollution control. If yes, the company can qualify for tax abatements on property, sales, and any special use taxes. Final decisions are made by the State Tax Commission. Equipment installed is generally required and does not go beyond required abatement standards. AQD receives no resources to manage this program. There is no impact on pollution control if program is eliminated.